

## **OBSERVATION REPORT #45**

**Unbundled Switching & Transport Usage quantities and rates were incorrectly applied and billed to the KPMG Consulting CLEC.**

### **Issue**

Verizon-New Jersey (VZN-NJ) rendered bills to the KPMG Consulting CLEC with incorrect quantities of Unbundled Transport per Mile Originating Minutes and incorrect rates for the In Region Directory Assistance Call charge.

During the course of executing the Functional Usage Evaluation test from October 2 through October 3, 2000, KPMG Consulting completed a variety of test calls including calls on unbundled lines. KPMG Consulting examined the October 10<sup>th</sup> CABS bill and observed inconsistencies between the expected results and the actual results for Unbundled Transport per Mile Originating Minutes and the rate for In Region Directory Assistance Calls. The expected results were calculated using the Daily Usage Feed (DUF) records sent by VZN-NJ.

Inconsistencies have been identified in two categories of charges:

- 1) Unbundled Transport per Mile Originating Minutes
- 2) In Region Directory Assistance Calls

Details of charges are shown on the following pages.

### **Category 1: Unbundled Transport per Mile Originating Minutes**

Inconsistencies in this category consist of differences in the distribution of quantities across several mileage bands and rounded quantities for the Unbundled Transport per Mile Originating Minutes. The following details documented rounding rules for unbundled usage verification:

- Verification of UNE Usage Charges for CABS Bill Verification published in the Verizon CLEC Handbook, Volume III Section 10.3, indicate the CLEC must total the number of minutes of use (MOU) per end office across all DUF call records in which a particular per MOU rate element applies. This calculation must be rounded down to the nearest full minute.

The actual quantity of minutes of use per mile appears to be rounded up on the bill.

The following table details the CABS bill charges for the Unbundled Transport per Mile Originating Minutes.

Bill Date: **October 10, 2000**      Bill Number: **201 Y04-1096 096**      Invoice : **Y041096096-00284**  
End Offices: **ASPKNJAPDS5 and WOVLNJWODS5**

Rate Category	Expected Quantity	Actual Quantity	Expected Rate	Actual Rate	Expected Amount	Actual Amount
UNB Transport per mile, Originating Minutes- 0 miles	NA	3	NA	0.0000012	NA	\$0.00
UNB Transport per mile, Originating Minutes- 4 miles	45	45	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes- 5 miles	36	37	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes- 6 miles	28	32	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes- 7 miles	212	209	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes- 8 miles	56	57	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes- 10 miles	30	30	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes- 11 miles	NA	7	NA	0.0000012	NA	\$0.00
UNB Transport per mile, Originating Minutes- 12 miles	7	NA	0.0000012	NA	\$0.00	NA
UNB Transport per mile, Originating Minutes- 13 miles	14	NA	0.0000012	NA	\$0.00	NA
UNB Transport per mile, Originating Minutes-14 miles	41	56	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-15 miles	1	2	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-17 miles	6	7	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-18 miles	3	38	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-19 miles	34	NA	0.0000012	NA	\$0.00	NA
UNB Transport per mile, Originating Minutes-22 miles	1	2	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-28 miles	2	3	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-30 miles	NA	1	NA	0.0000012	NA	\$0.00
UNB Transport per mile, Originating Minutes-31 miles	2	2	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-32 miles	NA	1	NA	0.0000012	NA	\$0.00
UNB Transport per mile, Originating Minutes-36 miles	4	16	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport per mile, Originating Minutes-40 miles	1	2	0.0000012	0.0000012	\$0.00	\$0.00
Total UNB Transport per mile, Originating Minutes	523	550	0.0000012	0.0000012	\$0.00	\$0.00
UNB Transport Fixed, Originating Minutes	535	550	0.0002486	0.0002486	\$0.13	\$0.14
UNB Tandem Switching, Originating Minutes	0	3	0.0014710	0.0014710	\$0.00	\$0.00

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## **Category 2: In Region Directory Assistance Calls**

Inconsistencies were noted with the In-Region Directory Assistance Calls charge rate. In addition, the actual bill charge amount has been rounded up.

- Verification of UNE Usage Charges for CABS Bill Verification published in the Verizon CLEC Handbook, Volume III Section 10.3, indicate when the final usage charges are calculated the result is always rounded down (truncated).

Rate Category	Expected Quantity	Actual Quantity	Expected Rate	Actual Rate	Expected Amount	Actual Amount
In Region Directory Assistance Calls	159	159	0.3110000	0.2750000	\$49.44	\$43.73

## **Assessment**

A CLEC's ability to accurately project revenue and operating expenses is based, in part, on accurate billings from the ILEC. Incorrect billing distorts financial planning. In addition, incorrect charges on CLEC bills may cause a CLEC to incur added costs to reconcile bills.

## **Verizon Response:**

### **Category 1: Unbundled Transport per Mile Originating Minutes**

KPMG has identified numerous concerns with the Verizon bill some of which are correct and others which are not. It appears that KPMG is missing some records in its analysis, the low total indicates excluded records ( 15 mous). The mismatch of UCTF and UCTPM is due to rounding down each UCTPM total and only once for UCTF. Additionally, absent the KPMG call detail records that were associated with each mileage band it is sometimes difficult to determine why the KPMG analysis doesn't match the bill. Following is Verizon's analysis of the bill in question.

- 1) Mileage Band 0 – KPMG is correct in their analysis. The problem that exists is that CABS is not programmed to apply the actual mileage on tandem routed ( 11 01 01) calls. An industry mailing was sent out 12/12 that states that mileage for Call Scenario 19B will be applied as “ 0 “ until February 2001.
- 2) Mileage Bands 4, 10, 31 – There are no errors KPMG agrees with the VZ bill.
- 3) Mileage Bands 5, 8, 15, 22, 28, 30, 32, 40 - The differences exhibited in each of these mileage bands is a one minute difference in all cases. Verizon has identified that there is a partial error in the CLEC Handbook in Vol 3, Sec 10.3, CABS Objective #3. In the written text it states to “round down” yet the example provided shows rounding to “standard rules”. The written text is incorrect and I believe this might have been the point of confusion, if standard rules were applied the minutes would equal what is displayed on the VZ bill. A industry mailing will be sent 12/15 which corrects the written text to say that the “standard rules” of rounding apply.

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- 4) Mileage Bands 11, 12 – Considering that KPMG had 7 mou in the 12<sup>th</sup> mileage band and the bill shows exactly 7 mou in the 11<sup>th</sup> mileage band it leads VZ to the conclusion that KPMG is miscalculating the mileage to be used. In this instance VZ would ask KPMG to verify their calculation and if necessary VZ will provide a worksheet displaying the calls used in this mileage band calculation and how we arrived at the 11<sup>th</sup> mileage band.
- 5) Mileage Bands 6, 7 – Unless the specific records that were used by KPMG were provided it is almost impossible to clarify the difference. However, considering that the difference between the two mileage bands is approximately the same, VZ assumes that there has been an error in calculating the mileage for one of the call records and that in addition the rounding of the minutes could also have an affect of a one minute difference. The result is that the mous for the 6<sup>th</sup> band would be 32 and the mous for the 7<sup>th</sup> band would be 209 as the VZ bill displays.
- 6) Mileage Bands 13, 14 - Unless the specific records that were used by KPMG were provided it is almost impossible to clarify the difference. However, if you assume there has been an error in the mileage calculation for the 13<sup>th</sup> mileage band and that they really belong to the 14<sup>th</sup> band and that in addition the rounding of the minutes causes a difference of one minute. The result is that the 56 mous will appear in the 14<sup>th</sup> mileage band as the VZ bill displays.
- 7) Mileage Band 17, – The VZ and KPMG analysis has identified the same an error in the mileage calculation. There was an error in the CABS V&H tables. The V&H coordinates associated with CLLI FRHDNJFH are 05108 and 01380. By using these coordinates the mous will be driven to the 18<sup>th</sup> mileage band. CABS had a double entry for this CLLI which was corrected 12/11.
- 8) Mileage Bands 18, 19 – Unless the specific records that were used by KPMG were provided it is almost impossible to clarify the difference. However, if you assume that there has been an error in the mileage calculation for the 19<sup>th</sup> mileage band and that the mous really belong in the 18<sup>th</sup> mileage band and that in addition the rounding of the minutes causes a difference of one minute. The result is that 38 mous will appear in the 18<sup>th</sup> mileage band as the VZ bill displays.
- 9) Mileage Band 36 – In this instance VZ believes that KPMG is missing records (15mous). VZ used the exact DUF that was provided to KPMG and were able to account for all the minutes that were displayed on the bill.
- 10) UNB Tandem Switching, Originating Minutes – The bill is incorrect. As a result of internal analysis VZ had identified that CABS was not billing for UNB Tandem switching (UTS) on tandem routed originating access calls. The CABS programming was corrected 12/9.

## **Category 2: In Region Directory Assistance Calls**

KPMG is correct in pointing out that the rate in CABS does not agree with the pricing schedule provided to KPMG. Further analysis by VZ has concluded that in fact the price schedule rate of .311 is also incorrect. The correct rate of .346 was never implemented for unbundled usage. A rate change in CABS is scheduled for 12/15.

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